Unknown

From: Palin, Sarah (GOV sponsored) [govpalin@alaska.gov]
Sent: Thursday, August 16, 2007 6:10 AM
To: Galvin; Patrick S (DOR)
Cc: Rutherford; Martha K (DNR); Irwin; Tom E (DNR); Tibbles; Michael A (GOV); Balash; Joseph R (GOV); Anders; Bruce F (DNR)
Subject: Gross vs PPT

Hi Pat- just checking in and wanting to encourage you as your team continues to study gross tax proposals. My goal is to incorporate incentives for exploration and new investment that leads to actual development, while keeping the foundation of our oil tax simple and transparent by placing value on gross amounts of oil.

Alaskans want to see the history of our tax, the comparison to other oil company investments worldwide, the original gross information that led to debate last year on gross-vs-ppt (that led to corrupt influence and strong-arming by Admin sticking Alaska with industry's preferred tax)... they want the explanations kept simple and clear explanations as to why ppt isn't in Alaska's best interest.

When I explain the situation to individuals, their eyes open when I tell them, simply, that we deserve appropriate value placed on our non-renewable resources - especially as our resource is being sold on the market for a premium - because once that oil's gone, it's gone. Now is the time to get fair value so we can save for the future (especially now in light of coming Federal funding streams that obviously won't flow so freely in Alaska anymore!). And that industry is playing a game with us (bc they're good players and capitalists, they're doing what's expected and can even be respected for trying to rake in every penny they can), so don't be surprised when they claim Alaska is a risk. Bull. Alaska is stable and safe, and as compared to their foreign investments (and even domestic, in states run by anti-development lawmakers) where a dictator could take over and/or industry's charged an arm and a leg to do business - well- it's a joke to hear of the "risk" in Alaska.

I also remind folks of industry's "duty to develop".

I know that there are still Jim Clark hold-overs all around us - I want to make sure we stay focused on the consistent message so many of us have spoken: that ppt isn't working, that from the beginning I've desired to keep this simple and transparent by taxing on gross while incentivizing for new development.

Industry is not going away. It's too good here. And new players will step up and step in if one of the Big Three threatens to take their ball and go home. Alaskans are counting on us to fulfill the mission I promised: that they'd receive fair value for their oil and we'd play hardball if it came down to that. (And it will come down to that.)

Some won't want to admit it - for political reasons - but Les Gara and others are doing those apples-to-apples comparisons and are right in their conclusion that we should have kept it simple, thus not got gamed, from the start. Even the good old goats like Halford - and others who now realize the hand we gave away so long ago with non-renewable resources - agree now we should have kept it simple last year.

Thanks Pat. I sincerely appreciate your work on this. It will be worth it, all your team's hard work. They need to remember "this is business" and we're doing business with some of the biggest and most slyly influential players on earth. They'll use legislators, mainstream media, radio talk shows, non-profit contributions and charity sponsorships, feel-good ads, etc. to spread their message. We have to keep our message simple and trustworthy and sensible - and in the end we can have a mutually beneficial relationship with industry, as industry knows this also.

It will be good!

SP

Unknown

From: PARNELL, S (GOV sponsored) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=SRPARNELL1]

Sent: Thursday, August 16, 2007 4:34 PM

To: Tibbles; Michael A (GOV)

Cc: gov.sarah@yahoo.com

Subject: Criminal Justice Reform

Hollis French was in touch. (After he was chewed out by Chief Huehn for jumping out there with a crime summit.) Says he wants to collaborate with us on a criminal justice package (his is an urban gang focus, I believe). He says that he doesn't intend his hearing in November to be a headhunting affair or to place blame...just wants to explore what's working, and what's not. We'll see.

In any event, he says he wants to do coffee in a week or two when he returns from taking his son to college. I'll keep you posted.

Unknown

From:	Galvin, Patrick S (DOR) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=PSGALVIN1]
Sent:	Thursday, August 16, 2007 9:01 AM
To:	Palin; Sarah (GOV sponsored)
Cc:	Rutherford; Martha K (DNR); Irwin; Tom E (DNR); Tibbles; Michael A (GOV); Balash; Joseph R (GOV); Anders; Bruce F (DNR)
Subject:	RE: Gross vs PPT

Thank you Governor for your words of encouragement. The team continues working hard on all the items you mention. Not only are we working to identify the best structure, but we're also quickly gathering information on the "worldwide" comparisons, and looking into Alaska's own experience to provide context for what the rate should be.

I'm working with Joe and Mike to set up a time next week, as soon as you're back in town, to meet and provide you with where we are on the analysis, show you the pros and cons of the various options, and get your direction for the final proposal development. There is no clear "best" choice, everything is a balance between getting Alaska's fair share and providing an attractive investment environment for all possible development scenarios. We will have to find the balance that you're most comfortable with.

We are meeting with the various "worldwide" comparison consultants over the next week, so our discussion on tax rate, the comparison data, and where you want to land on the tax rate issue, will come the week of August 27. We'll have it all pulled together for the Sept. 4 roll-out. At the time of the roll-out, we'll have a clear story of not only why we chose the tax structure we chose, but also how the proposed tax rate fits into the "worldwide" comparison discussion. We'll be ready, and it will be fun.

-Pat

-----Original Message-----

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